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m/47/032

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September 20, 2001

Mr. D. Wayne Hedberg
Permit Supervisor
Minerals Reclamation Program
Department of Natural Resources
Division of Oil, Gas and Mining
PO Box 145801
Salt Lake City, UT 84114-5801

Dear Mr. Hedberg:

The ongoing legal dispute between MCNIC and Crown Energy Corporation (Crown) has so far slowed an agreement with Uintah County that would allow us to resolve the issues of concern listed in your letter of March 7, 2001. We have, however, gathered data that will allow us to address the following issues:

- Regarding the disturbed acreage discrepancy between the 1998 and 1999 annual reports, we have researched Crown Asphalt Ridge (CAR) documents available to us, as well as documents on file in the Division of Oil, Gas and Mining office and have not found any maps that would explain this discrepancy.
- An agreement with Uintah County has not been executed. Differences between the parties (Crown, MCNIC and Uintah County) are being negotiated.
- We have conducted a GPS survey to determine the current CAR Mining Disturbed acreage. This is 17.0 acres. CAR has not conducted any mining operations in 2001, so this figure should be used for the 2000 report. This area is outlined with the red dashed line on the attached topographic map.
- GPS survey data along with existing maps show the plant/processing facilities occupy 10.8 acres. This is also shown on the attached topographic map. This includes the office, parking, and product loading area and access roads. This additional plant/processing facilities area will have to be addressed in the reclamation surety review, but, as we address below, it may not cause the acreage covered by the surety amount to be exceeded.
- Our GPS survey shows the CAR Mining Disturbed area and the plant/processing facilities area cover about 27.8 acres, while the reclamation surety amount (\$138,701) is based on 25.5 acres. However, a portion of the CAR Mining Disturbed area is also included in the Uintah County disturbed area as shown on the map plotted on March 24, 2000 by the Division of Oil, Gas and Mining. A breakdown of the responsibility for this jointly disturbed area will have to be worked out with Uintah County, but it would appear that CAR's reclamation responsibility could very well be 25.5 acres or less.

It is our intention to work with Uintah County to prepare a joint response that will satisfactorily address all of these issues, once the legal issues have been settled and an agreement is reached with the county.

Sincerely,

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**DIVISION OF
OIL, GAS AND MINING**

